



National Bank
of Ukraine

Monthly Business Outlook Survey

October 2022

The findings presented only reflect the opinions of the respondents, and should not be considered as NBU forecasts or assessments

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Statistics and Reporting Department



Summary

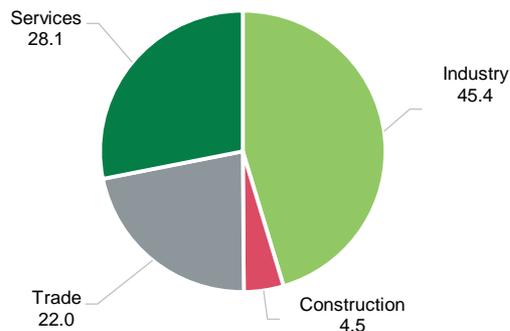
Businesses reported a more negative economic outlook amid worsened security in the country. **The business activity expectations index (BAEI) was 44.9 in October**, down from 46.1 in September.

- The negative impact of the full-scale war on the supply of goods, existing logistical hurdles (especially in the metals industry), destroyed production facilities (in the energy sector, in particular), and a decline in real household income are restraining economic recovery, while also worsening expectations across all sectors.
- Most surveyed companies said they expected a decrease in the number of new orders for products and in the amount of services provided. At the same time, industrial companies remained upbeat about the amount of manufactured goods, while trading companies expected no significant changes in their performance.
- With weakening expectations of a rise in raw material and supplies prices, respondents declared slightly less firm intentions to raise their selling prices.
- Respondents across all surveyed sectors continued to report intentions to reduce their workforces. Trading companies had the least pessimistic expectations for their staff numbers.

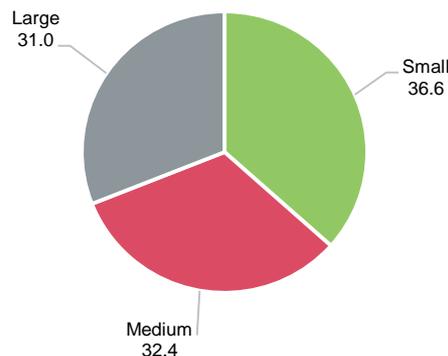
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

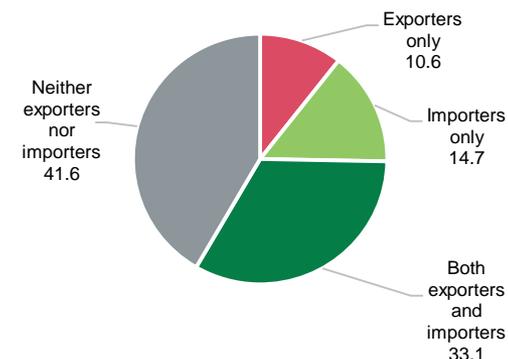
Respondents by sectors of the economy, %



Respondents by company size, %



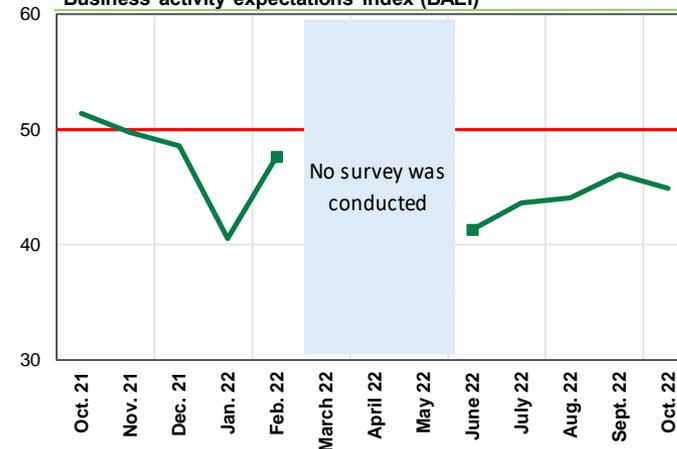
Respondents by business activities, %



- This survey was carried out from 4 October through 24 October 2022
- A total of 423 companies were polled
- Survey horizon: change in companies' performance expectations in October compared to September

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		September 2022	October 2022	Change m/m
Industry	35.3	47.1	45.8	-1.3
Construction	4.8	41.0	38.2	-2.8
Trade	23.6	49.9	48.9	-1.0
Services	36.3	43.4	42.2	-1.2
Total	100.0	BAEI (total across Ukraine)		
		46.1	44.9	-1.2

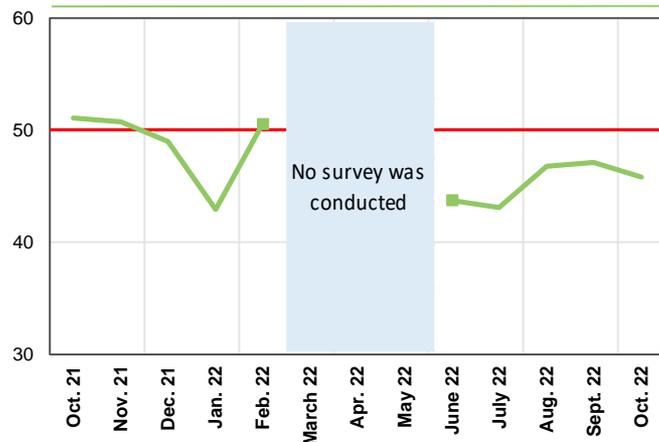
Business activity expectations index (BAEI)



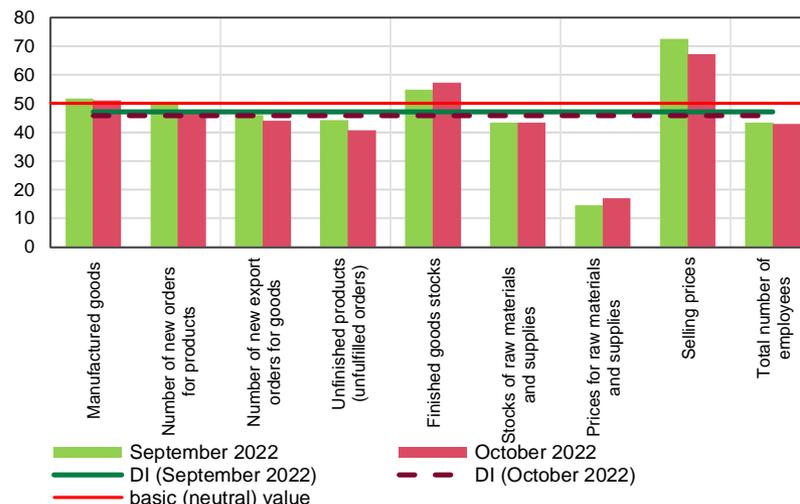
Data for totals and components may be subject to rounding effects

Industry

Diffusion Index of Industrial Companies' Business Activity Expectations

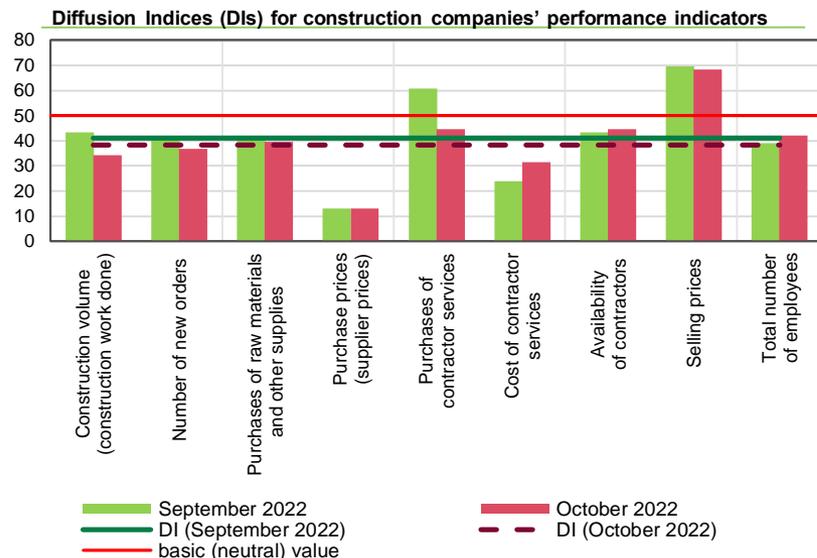
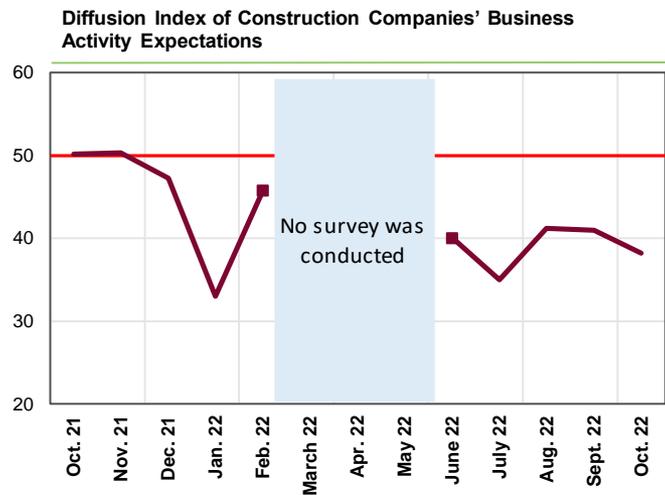


Diffusion Indices (DIs) for industrial companies' performance indicators



- The loss of production and energy-generating facilities increased industrial companies' negative expectations for their economic performance in October, **as the sector's DI dropped to 45.8**, down from 47.1 in September.
- Respondents **downgraded their expectations for the number of new orders for products**, including export orders, the DIs being 46.6 and 44.0 respectively, down from 50.2 and 46.1 in September. Respondents were also more downbeat about the number of unfulfilled orders, the DI being 40.6, compared to 44.1 in September.
- Companies continued to report firm expectations of a rise in raw material and supplies prices and selling prices, the DIs being 16.9 and 67.2 respectively, compared to 14.6 and 72.4 in September.
- Respondents expected a decrease in their stocks of raw materials and supplies and in their finished goods stocks, the DIs being 43.2 and 57.3 respectively, compared to 43.4 and 54.9 in September.
- **Respondents remained downbeat about their total staff numbers**, the DI being 43.0, down from 43.4 in September.
- At the same time, **industrial companies remained upbeat about their manufactured goods volumes**, the DI being 51.0, compared to 51.7 in September.

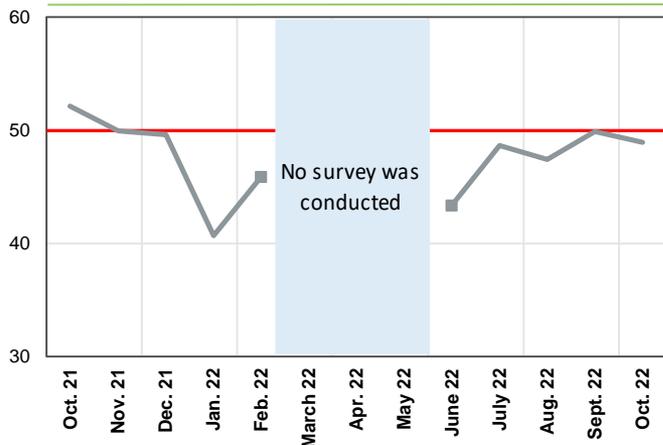
Construction



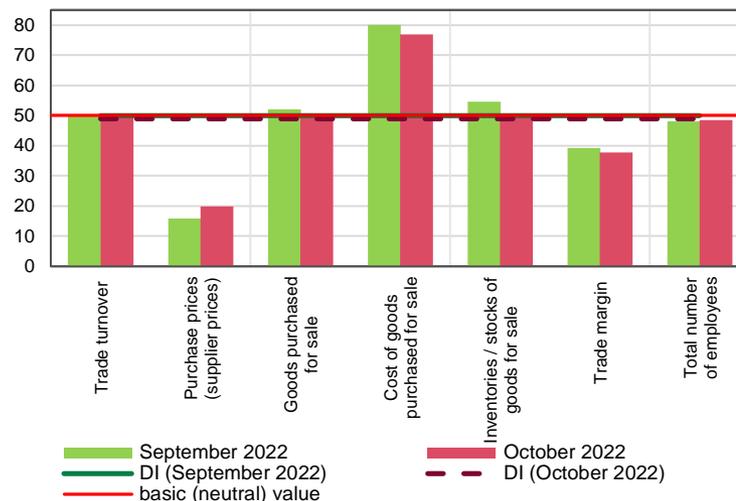
- Construction companies reported the most guarded expectations for their economic performance compared to other sectors, the sector's **DI being 38.2**, down from 41.0 in September.
- Respondents reported firmer expectations for a drop** in construction volumes, the number of new orders, and in purchases of raw materials and supplies, the DIs being 34.2, 36.8 and 39.5 respectively, compared to 43.5, 41.3 and 41.3 in September.
- In contrast to the two previous months, construction companies expected a **decrease in purchases of contractor services**, the DI being 44.7, down from 60.9 in September.
- With firm expectations of high prices for contractor services and purchases, respondents continued to report strong intentions to raise their selling prices, the DIs being 13.2, 68.4 and 31.6 respectively, compared to 13.0, 69.6 and 23.9 in September.
- Companies continued to declare **intentions to reduce their workforces**, the DI being 42.1, up from 39.1 in September.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



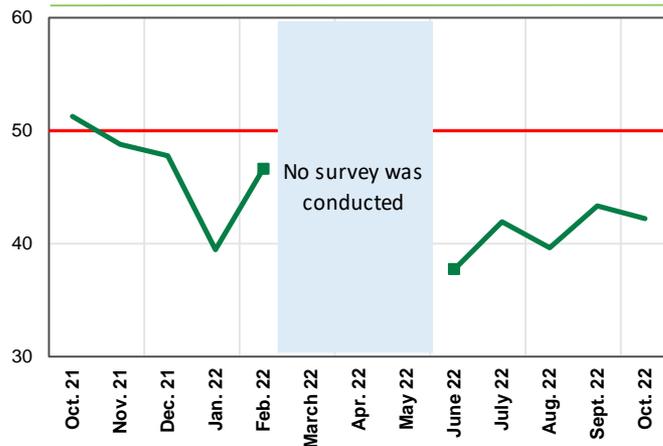
Diffusion Indices (DIs) for trading companies' performance indicators



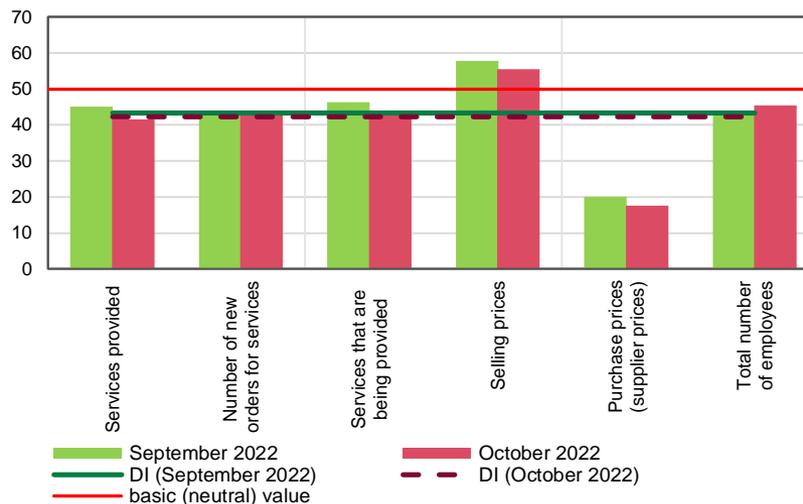
- Although downgrading slightly their expectations of their economic outlook for October, trading companies were the closest to the neutral level, **the DI being 48.9**, down from 49.9 in September.
- Companies said they had somewhat **dimmer expectations for their trade turnover**, and continued to report guarded expectations for purchases of goods for sales, the DIs being 49.5 and 50.5 respectively, compared to 50.0 and 52.0 in September.
- Respondents declared stronger intentions to cut their trade margins, the DI being 37.6, down from 39.3 in September.
- Companies in the sector said they did not expect any change** in their stocks of goods for sale, the DI being 50.0, down from 54.6 in September.
- Companies reported slightly less firm expectations of a rise in purchase prices and in the price of goods purchased for sale, the DIs being 19.9 and 76.9 respectively, compared to 15.8 and 80.1 in September.
- Respondents in the sector were the least pessimistic about their total staff numbers, the DI being 48.4, up from 48.0 in September.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- On the back of further damage done to transportation and energy-generating infrastructure and falling household income, services companies reported a more pessimistic economic outlook, **the DI being 42.2**, down from 43.4 in September.
- Respondents had stronger expectations for a decrease in the amount of services provided, the number of new orders, and the amount of services that are being provided, the DIs being 41.6, 43.3 and 42.9 respectively, compared to 45.1, 43.4 and 46.3 in September.
- With stronger expectations of a rise in purchase prices (a DI of 17.6 compared to 20.1 in September), companies reported weaker intentions to raise their selling prices, the DI being 55.5, down from 57.8 in September.
- Respondents continued to report intentions to **reduce their workforces**, the DI being 45.4, down from 43.0 in September.



Annexes

Data on surveys of industrial companies in October 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	28	47	26
Number of new orders for products	21	52	28
Number of new export orders for goods	11	65	23
Unfinished products (unfulfilled orders)	7	68	26
Finished goods stocks	15	56	29
Stocks of raw materials and supplies	18	51	31
Prices for raw materials and supplies	68	31	2
Selling prices	38	59	3
Total number of employees	4	78	18

Data on surveys of construction companies in October 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	5	58	37
Number of new orders	16	42	42
Purchases of raw materials and supplies	16	47	37
Purchase prices (supplier prices)	74	26	0
Purchases of contractor services	16	58	26
Cost of contractor services*	42	53	5
Availability of contractors	0	89	11
Selling prices	37	63	0
Total number of employees	5	74	21

Data on surveys of trading companies in October 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	27	45	28
Purchase prices (supplier prices)	62	35	2
Goods purchased for sale	30	41	29
Cost of goods purchased for sale	60	33	6
Inventories / stocks of goods for sale*	23	55	23
Trade margin	4	67	29
Total number of employees	5	86	9

Data on surveys of companies in the services sector in October 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	15	53	32
Number of new orders for services	18	50	32
Services that are being provided	13	61	27
Selling prices	18	76	7
Purchase prices (supplier prices)	66	34	1
Total number of employees	8	76	17

Main Terms and Definitions

- **The diffusion index (DI)** is calculated as the sum of the percentage of positive replies (indicates an increase) and half of the percentage of neutral replies (indicates no change), using the following formula:

$$DI_j = (P \cdot 1) + (E \cdot 0.5) + (N \cdot 0),$$

where **P** is the percentage of respondents that reported an increase (optimistic views)

E is the percentage of respondents that reported no change and

N is the percentage of respondents that reported a decrease (pessimistic views).

Provided that $P + E + N = 100$

- The values of the index can range between 0 and 100:
 - a value of 50.0** indicates no change compared to the previous month
 - values above 50.0** indicate an improvement or an increase compared to the previous month
 - values below 50.0** indicate a deterioration or a decrease compared to the previous month.

The more the indices deviate from the value of 50.0, the greater the velocity of change.
- The diffusion indices were calculated using the inverse of replies regarding the following indicators: stocks of finished goods and the prices of raw materials and supplies for industry; purchase prices/supplier prices and the cost of contractor services for construction; purchase prices/supplier prices and stocks of goods for sale for trade; and purchase prices/supplier prices for the services sector. The inverse of replies means that an increase indicates pessimistic views, while a decrease indicates optimistic views.
- **BAEI** is a weighted average indicator that is calculated on the basis of each sector's share in the weight structure.



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